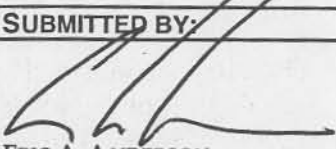


OFFICE OF THE CITY MANAGER
DES MOINES, IOWA

ITEM 52
84

CITY COUNCIL COMMUNICATION 96-073
FEBRUARY 19, 1996 AGENDA

SUBJECT:	TYPE:	PREPARED BY:	SUBMITTED BY:
ACQUISITION OF PROPERTY OWNED BY RACCOON VALLEY PARTNERSHIP (COPPOLA)	◆ RESOLUTION ORDINANCE RECEIVE/FILE	HAROLD E. SMITH CITY ENGINEER WILLIAM E. FLANNERY AVIATION DIRECTOR	 ERIC A. ANDERSON CITY MANAGER

SYNOPSIS —

As authorized by City Council, City staff is in the process of acquiring sanitary sewer easements for the construction of the Southwest Airport Sanitary Sewer Project and temporary access easements for a Wetlands Mitigation Study associated with the Airport's Runway 5/23 Extension Project.

The Airport Enterprise Fund, through its approved Master Plan, must eventually acquire the same property to proceed with the Runway 5/23 Extension Project. The owner of the property at the January 15, 1996, Council meeting claimed that the actions of the City amounted to inverse condemnation. Based on the circumstances, the City Legal Department has advised that it is in the best interest of the City to proceed with the fee title interest acquisition of the entire property at this time.

FISCAL IMPACT —

The cost of the fee interest acquisition of the entire property will be paid from existing surplus Sewer Enterprise Funds. The City Sanitary Sewer Enterprise Fund currently has a fund balance surplus that could be used for the purchase of the Coppola parcel. The Airport Enterprise Fund is currently not in a position to purchase this property without the issuance of some form of additional debt instrument.

The Airport Enterprise Fund, upon the receipt of an anticipated grant from the FAA, will repay the Sewer Enterprise the total cost of the acquisition, plus interest for the period the funds are outstanding (at the average rate of return for all surplus sewer enterprise funds), less the value of the sanitary sewer easement. Should the Airport not receive a grant or grant commitment within one year from the date of purchase, the Airport Enterprise should be required to enter into a loan agreement between the Airport Enterprise and Sewer Enterprise. The loan would carry a maximum term of five years with interest payable at the average rate of return of all surplus funds of the Sewer Enterprise Fund. The Airport Enterprise Fund will be required by the loan agreement to include the debt service on the Sewer Enterprise Fund Loan in its rates and charges over the life of the loan.

RECOMMENDATION —

That the City Manager be authorized to acquire by purchase, gift, or condemnation a fee title interest in the property owned by Raccoon Valley Partnership (Coppola), partially described as The North 1/2 of the Northeast 1/4 of Section 36, Township 78 North, Range 25 West of the 5th P.M. except road right of way, with the initial purchase to be temporarily funded, if necessary, with City Sanitary Sewer Enterprise Funds subject to the requirement that the Airport Enterprise shall

reimburse the Sanitary Sewer Enterprise for the cost of acquisition less the value of the sanitary sewer easement.

BACKGROUND —

The Airport Master Plan, approved by Council on July 10, 1995 (Roll Call No. 95-2666), reflects the acquisition of the property owned by Raccoon Valley Partnership to facilitate the future extension of Runway 5/23. The Airport, however, has programmed the acquisition of this and other necessary properties coincident with the receipt of Federal Aviation Administration (FAA) grant funds. The FAA grant has not yet been received for this project.

On September 25, 1995, by Roll Call No. 95-3640, the City Council authorized the City Manager to acquire by purchase, gift, or condemnation, the necessary right-of-way and access easements for a Wetlands Mitigation Study for the Runway 5/23 Extension Project including the property owned by Raccoon Valley Partnership.

On October 16, 1995, by Roll Call No. 95-3883, the City Council authorized the City Manager to acquire by purchase, gift, or condemnation the necessary right-of-way and easements for the construction of the Southwest Airport Trunk Sanitary Sewer including the property owned by Raccoon Valley Partnership (Coppola).

On January 22, 1996, by Roll Call No. 96-357, the City Council approved a contract with McAninch Corporation for the construction of the Southwest Airport Trunk Sanitary Sewer. Delays in the City's ability to provide the necessary right-of-way on easements could provide basis for a delay claim by the sewer contractor.